

SUBCOMMITTEE NO. 4

Agenda

Joseph Dunn, Chair
Ross Johnson
Denise Moreno Ducheny



Wednesday, May 19, 2004
1:30 p.m.
Room 3191

PART 2 AGENDA - OUTCOMES

ISSUES PROPOSED FOR CONSENT

Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
	0110/ Senate	State Appropriations Limit (SAL) Adjustment	Approve budget as adjusted by SAL	Approved on consent, 2-0 (Johnson absent)
	0120/ Assembly	SAL Adjustment	Approve budget as adjusted by SAL	Approved on consent, 2-0 (Johnson absent)
	0130/ Joint Expenses – Legislature	SAL Adjustment	Approve budget as adjusted by SAL	Approved on consent, 2-0 (Johnson absent)
	0500/ Governor's Office	(none)	Approve as budgeted	Approved on consent, 2-0 (Johnson absent)
	0860/ Board of Equalization	Torrance Field Office Closure: Savings Clarification	Adopt the revised General Fund savings allocation	Approved on consent, 2-0 (Johnson absent)
	1760/ Department of General Services	Withdrawal of Asset Enhancement Consultant Services BCP Proposal	Adopt the May Revision Finance Letter	Approved on consent, 2-0 (Johnson absent)
	1760/ Department of General Services	eGovernment Initiatives	Adopt May Revision Finance Letter	Approved on consent, 2-0 (Johnson absent)
	1760/ Department of General Services	School Facilities Program Workload Enhancements	Adopt May Revision Finance Letter	Approved on consent, 2-0 (Johnson absent)
	9620/ Payment of Interest on General Fund Loans	(none)	Approve as budgeted	Approved on consent, 2-0 (Johnson absent)

Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
	9625/ Interest Payments to the Federal Government	(none)	Approve as budgeted	Approved on consent, 2-0 (Johnson absent)
	9650/ Health and Dental Benefits for Retired Annuitants	Adjustment for Health and Dental Benefits for Annuitants	Adopt the May Revision Finance Letter	Approved on consent, 2-0 (Johnson absent)
	9840/ Augmentation for Contingencies and Emergencies	(none)	Approve as budgeted	Approved on consent, 2-0 (Johnson absent)
	Control Section 3.60 Contribution to Public Employee Retirement Benefits	(none)	FINAL ACTION: Adopt rates approved by PERS Board on 19 May.	1. Approved as budgeted on 19 May, 2. Approval rescinded, 3. New rates adopted and item approved.
	Control Section 4.60 (Amended)	Rental Rates for State Buildings	Adopt the May Revision Finance Letter proposal	Approved on consent, 2-0 (Johnson absent)

ISSUES PROPOSED FOR DISCUSSION

Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
1	0650/Office of Planning and Research	LAO Option – Eliminate the Office of Planning and Research, a savings of approximately \$4.0 million General Fund.	Reject the LAO recommendation	(Votes not taken)
2	0840/ State Controller's Office	Unclaimed Property Program Fees	Adopt the May Revision Finance Letter, 3-0.	
3	0840/ State Controller's Office	Medi-Cal Non-Institutional Providers Audits Program	Adopt the May Revision Finance Letter, 3-0	
4	0840/ State Controller's Office	Performance Audits	Committee took no action.	
5	0840/ State Controller's Office	General Fund Reduction	Adopt May Revision Finance Letter, 3-0	
6	0840/ State Controller's Office	Human Resource Management System 21 st Century Project Procurement Phase	Adopt May Revision Finance Letter, 3-0	
7	0845/ Department of Insurance	Funding Reserve for Fraud	Approve the DOI budget as	

Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
		Automobile and Urban Grant Programs	budgeted. (No Loan or new expenditure), 2-1 (Johnson no)	
8	0845/ Department of Insurance	Earthquake Grants and Loans Program: Statutory Authority	Committee took no action.	This will correspond with the Assembly action on this issue.
9	0860/ Board of Equalization	Salary Savings Correction	Adopt the May Revision Finance Letter, 3-0	
10	0860/ Board of Equalization	Cigarette and Tobacco Twice Monthly Payments	Adopt the Finance Letter, less ½ position, 3-0	Department indicated the ½ position could be absorbed.
11	0860/ Board of Equalization	Board Staff Reduction	No action taken.	
12	0860/ Board of Equalization	Alternative Cigarette Tax Stamp	Adopt the May Revision Finance Letter, 3-0	
13	0860/ Board of Equalization	450 N Street Exterior Curtainwall Repairs	Adopt the May Revision Finance Letter, 3-0	
14	0860/ Board of Equalization	Closure of a Tax Loophole: The 90-day Rule for Vehicles, Vessels, and Aircraft	Adopt the provisions of AB 694 (Levine) as trailer bill , 2-1 (Johnson no)	For the yacht loophole, is the effective date of January 1, 2005? (BOE/DOF: PLEASE CONFIRM) That means that GF revenue gains in 2004-05 would be about \$17 million.
15	0860/ Board of Equalization	Chapter 890, Statutes of 2003 (Tobacco Licensing Act)	Approve as budgeted, 3-0	
16	0860/ Board of Equalization	Special Taxing Districts Reimbursement Cap	No action. (Did not adopt LAO proposal)	
17	0860/ Board of Equalization	Out of State Field Offices	Motion passed, 3-0	Motion was to consolidate this report with other in-state SRL already approved.
18	0890/ Secretary of State	April Finance Letter for Help America Vote Act (HAVA)	1. Adopt the April Finance Letter, 3-0. 2. Adopt the Proposed Budget Bill Language, 3-0	
19	0950/ State Treasurer's Office	Mandate: County Treasury Oversight Committees	Approve as budgeted, 3-0 (i.e. suspend)	
20	0950/ State Treasurer's Office	Mandate: Investment Reports—Cities and Counties	Approve as budgeted, 3-0 (i.e. suspend)	
21	0950/	Delete budget bill	Delete Provisions 1	

AGENDA #2: State Administration and General Government

Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
	State Treasurer's Office	language related to mandates.	and 2 of Item 0950-295-0001, 3-0	
22	0954/ Scholarshare Investment Board	Prior Year Budget Adjustment	Adopt the May Revision Finance Letter as \$40 million, 3-0.	DOF will update for conference
23	0956/ California Debt Investment and Advisory Commission	California Debt Investment and Advisory Commission Budget and Loan	Approve the California Debt Investment and Advisory Commission Budget, 3-0.	
24	0959/ California Debt Limit Allocation Committee	California Debt Limit Allocation Committee Budget and Loan from the California Debt Limit Allocation Committee Fund	1. Approve the California Debt Limit Allocation Committee budget, 3-0. 2. Approve \$3.5 million loan and associated budget bill language, 2-1 (Johnson no)	
25	0968/ California Tax Credit Allocation Committee	California Tax Credit Allocation Committee Budget and Loan from the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	Approve the California Tax Credit Allocation Committee budget, 3-0. 2. Approve \$35 million loan and associated budget bill language, 2-1 (Johnson no).	
26	0968/ California Tax Credit Allocation Committee	Loan from the Tax Credit Allocation Fee Account	Approve \$31 million loan and budget bill language, 2-1 (Johnson no).	
27	0985/ California School Finance Authority	Charter School Facilities Workload	Adopt the May Revision Finance Letter and the budget bill language, 2-1 (Johnson no).	Budget bill language: "The two 3-year limited-term positions authorized for this item in the 2003-04 Budget Act shall not be subject to Government Code section 19080.3 or other laws or regulations that would limit the duration of these two limited term appointments to less than 3 years."
Add	0971/ California Alternative Energy and Advanced Transportation Financing Authority	TBL to increase the amount of indebtedness that may be incurred by the Authority and provide clarifying language	Adopt the proposal, 2-0 (Johnson abstain)	Public Resources Code 26020 is amended.

Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
28	1730/ Franchise Tax Board	Political Reform Audit Fee	No vote recorded.	
29	1730/ Franchise Tax Board	Mandate: Substandard Housing	Suspend the Substandard Housing Mandate, 3-0.	
30	1730/ Franchise Tax Board	District Office Service Reductions	Augment the FTB budget by \$44,000 to implement district office service reductions, 2-0 (Ducheny not voting)	
31	1730/ Franchise Tax Board	Fees for Franchise Tax Board Services	Did not adopt proposal.	
32	1730/ Franchise Tax Board	Tax Amnesty	Adopt the May Revision Finance Letter, 3-0.	
33	1730/ Franchise Tax Board	Voluntary Compliance Initiative	Adopt the revised VCI revenue estimate (+\$100 million prior year adjustment), 3-0.	
34	1730/ Franchise Tax Board	Taskforce on Abusive Tax Shelters	1. Adopt the May Revision Finance Letter, 3-0. 2. Adopt the April Finance Letter, 3-0.	Added in hearing the April Finance Letter issue (\$400,000)
35	1730/ Franchise Tax Board	California Child Support Automation System Augmentation	Adopt the May Revision Finance Letter, 2-0 (Johnson abstain).	
36	1730/ Franchise Tax Board	Withholding Income for Independent Contractors	Adopt the proposed trailer bill, 2-1 (Johnson no)	FTB/DOF: What revenue can we score for this issue? Please provide to LAO/staff for review.
37	1730/ Franchise Tax Board	Litigation Costs for Hyatt Case	Adopt the May Revision Finance Letter, 3-0.	
38	1760/ Department of General Services	Reversion of Funding for One Local Seismic Project	Reject the Finance Letter, 2-1 (Johnson no)	
39	1760/ Department of General Services	Statewide Procurement Training and Certification Program	No action on this issue.	
40	1760/ Department of General Services	Legal Fees for Services Provided by a Private Law	Approve as budgeted, 3-0.	

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Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
		Firm		
41	1760/ Department of General Services	Ongoing Capitol Security Costs	Approve May Revision Finance Letter, 3-0.	
42	1760/ Department of General Services	Capitol Security and Enhancement Projects	Approve augmentation, 3-0.	
43	1760/ Department of General Services	Transfer from the State Emergency Telephone Number Account	FINAL ACTION: Do not adopt staff recommendation, 3-0	1. Adopt the \$15 million transfer to the General Fund 2-1 (Johnson no) 2. Rescind transfer, 3-0
44	1760/ Department of General Services	Loan from the State Emergency Telephone Number Account	FINAL ACTION: Do not adopt staff recommendation, 3-0	1. Adopt the \$15 million loan to the General Fund, (Johnson no) 2. Rescind loan, 3-0
45	1760/ Department of General Services	Loan from the Public School Planning, Design, and Construction Review Revolving Fund	Extend the loan from the Public School Planning, Design, and Construction Review Revolving Fund for one year And Adopt budget bill language to implement, 2-0 (Johnson abstain)	BBL: 1760-402—Notwithstanding Provision 1 of Item 1760-011-0328, Budget Act of 2002, the \$35,000,000 loan authorized shall be fully repaid to the Public School Planning, Design, and Construction Review Revolving Fund no later than October 1, 2005. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or increased fees.
46	1760/ Department of General Services	Loan from the Disability Access Account	Extend the \$5 million loan from the Disability Access Account for one year and associated BBL, 3-0.	BBL: 1760-401—Notwithstanding Provision 1 of Item 1760-011-0006, Budget Act of 2002, \$5,000,000 of the \$10,000,000 loan authorized shall be repaid to the Disability Access Account no later than October 1, 2005. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer. It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through reduction in service or increased fees.
47	1880/ State Personnel Board	Augmentation of Reimbursable Resources	Adopt the May Revision Finance Letter, 3-0.	
48	1880/ State Personnel Board	Budget Change Proposal: General Fund Reduction	Reject the Budget Change Proposal, 2-1 (Johnson no)	Positions/dollars restored
49	8620/ Fair Political Practices Commission	Funding Reduction BCP	Restore \$309,000 to the FPPC budget, 3-0.	
50	8620/ Fair Political	Three Percent	Reject the May	SUBCOMMITTEE REQUEST: Information

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	Practices Commission	General Fund Reduction	Revision Finance Letter, 2-1 (Johnson no)	on which departments are taking the 3 percent reduction.
51	8640/ Political Reform Act of 1974.	Political Reform Audit Fund, Corresponding Budget Line Item	Restore \$1,422 to the PRA item. (Increase Item 8640-001-0001 by \$1.4 million), 3-0.	
52	8855/ Bureau of State Audits	Transfer a Portion of Excess Reserve Funds in the State Audit Fund	1. Approve the BSA budget as budgeted (no vote) 2. Reject transfer \$1,105,000 from the State Audit Fund to the General Fund (no vote).	
53	8910/ Office of Administrative Law	LAO Option – Eliminate the Office of Administrative Law, a savings of \$1.8 million in General Fund	Reduce the OAL budget by \$100,000, 3-0	
54	8910/ Office of Administrative Law	Determinations and Compliance Workload	Reject the May Revision Finance Letter, 3-0	
55	9100/ Tax Relief	Elimination of the Substandard Housing Program	Eliminate the substandard housing subvention. (Approve as budgeted), 3-0	
56	9210/ Local Government Financing	Eliminate Citizens' Option for Public Safety (COPS) Grant Program	No vote	
57	9210/ Local Government Financing	Suspend the Juvenile Justice Grants Program for one year Pending Evaluation Results	No vote	
58	9210/ Local Government Financing	Special Supplemental Subvention Elimination	Adopt the proposed trailer bill, 3-0	
59	9210/ Local Government Financing	Reimbursement for Booking Fees	Motion to put issue in conference, 2-1, (Johnson no)	Fund the Booking subventions at \$1000 by in-lieuing the continuous appropriation and putting \$1000 in the budget.
60	9210/ Local Government Financing	MANDATE: Open Meetings Act	Suspend the Open Meetings Act mandate, 2-0	

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Issue #	ORG/ DEPT	ISSUE	ACTION	COMMENT
			(Ducheny not voting)	
61	9210/ Local Government Financing	MANDATE: Brown Act Reform	Suspend the Brown Act mandate, 2-0 (Ducheny not voting)	
62	9901/ Contract Savings for Control Section 5.50	Erosion of Ongoing Savings Related to Control Section 5.50 of the 2003-04 Budget Act	No action taken	DOF reported this was "informational."
63	9916/Reform of Real Property Asset Management	Statewide Reform of Real Property Assets and Increased Revenue from the Sale of Surplus Property	1. Reduce the \$2.8 million budget item request by \$2.7 million to \$100,000 and budget bill language, 3-0. 2. Adopt the May Revision Revenue Estimate, 3-0. 3. Refer the TBL to the policy committee, 2-0 (Johnson abstain)	
64	Control Section 4.10	\$150 million Reduction	1. Adopt the revenue estimate, 3-0. 2. Adopt the Administration's proposed budget bill language, MOTION FAILED, 1-2 (Ducheny, Dunn no) 2. Adopt the intent language recommended by staff, 2-1 (Johnson no)	<p>The following budget bill language would replace the budget bill language offered by the Administration. The budget bill is budget bill intent language:</p> <p><i>It is the intent of the Legislature to adjust General Fund appropriations in order to generate savings for the state.</i></p>
65	Control Section 4.30/ Lease Revenue Payment Adjustments	Amendment to reduce ambiguity in Control Section 4.30	Adopt the budget bill amendment, 3-0.	
66	Control Section 4.35 (Proposed)	Identification and Transfer of Administration	1. Put this issue in conference by identifying a \$1000	1. Intent of the Subcommittee is to allow time for Finance to attempt to identify an amount to be appropriated

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		Positions	appropriation, 3-0. 2. Adopt the May Revision Finance Letter, 3-0.	from the General Fund.
67	Control Section 4.45 (Proposed)	Transfer of Appropriation Authority for Governor's Budget Printing	Adopt the May Revision Finance Letter – MOTION FAILED, 1-2 (Ducheny, Dunn no)	
68	Control Section 4.60 (Revised)	Revised Rental Rates Control Section	Adopt the Revised Control Section Language in the May Revision, 3-0.	
69	Control Section 12.00 / State Appropriations Limit	Updated Estimate	Reduce the SAL estimate by \$1000, 3-0.	
70	Control Section 33.50 (Proposed)	"Strategic Sourcing" Procurement Reform	Adopt the May Revision Finance Letter with revised budget bill "intent" language, 3-0	The Administration's budget bill language is replaced by: <i>It is the intent of the Legislature to realize General Fund savings by creating efficiencies in statewide procurement.</i>
71	Control Section 34.50 (Proposed)	Punitive Damages: Split-Award Tort Reform	1. Approved the CS 34.50 BBL and scored the \$450 million, 3-0 2. Adopted the staff intent language, 3-0 3. Referred the TBL to committee, 3-0	
72	Mandates	Conforming action for mandates recommended for repeal	Reflect all mandates recommended for repeal as "suspended" in the budget bill, 3-0	